

understand from Doctor Hosford that the Health Department of San Francisco has taken steps to prohibit the sale of dinitrophenol to the laity. Similar measures of a more inclusive nature should be taken to restrict the sale of this drug in the State.

I have been informed of physicians who are still prescribing dinitrophenol. Of course, any physician who prescribes it from now on is inviting upon himself not only severe criticism, but medico-legal retribution as well.

Sincerely yours,

HAROLD F. WHALMAN, M. D.

**Concerning thanks to Governor Frank F. Merriam**  
(March issue, page 146).

STATE OF CALIFORNIA  
DEPARTMENT OF  
PROFESSIONAL AND VOCATIONAL STANDARDS  
SACRAMENTO

April 9, 1936.

Dr. George H. Kress  
Los Angeles, California

Dear Doctor:

Thanks for your thoughtfulness in sending me the March copy of CALIFORNIA AND WESTERN MEDICINE. I personally showed the article to the Governor, who read it and asked me to express to you his appreciation.

With best wishes, I am

Fraternally yours,

WILLIAM G. BONELLI, *Director*.

**Concerning California Medical Association cards sent out with membership cards.**

Santa Ana, March 30, 1936.

*To the Secretary:*—Thanks for your new card for framing along with membership card. It is a capital idea!

I explain it to my patients this way: That there is a usual flat charge, depending on service given, but we give reductions from this for people whom we feel can't afford the regular fee. This disabuses their mind of the idea that we charge exorbitantly if we feel they have means.

Sincerely yours,

WILLIS P. BAKER.

201 East Seventh Street.

## SPECIAL ARTICLES

### GROUP HOSPITALIZATION ON A PERIODIC PAYMENT METHOD: ALAMEDA COUNTY PLAN\*

The Committee on the Cost of Medical Care has determined very definitely that it is not the high cost of staying in the hospital that burdens, but the unevenness of sickness that causes a strain on society for hospital and medical care and creates most of the present financial health problems.

**Plan Is Not New.**—Hospitalization on a periodic payment plan is not new. We have in this vicinity some of the earliest plans started in the United States, namely, the French and German hospitals of San Francisco. In 1930 the Baylor University Hospital of Dallas, Texas, started an experiment to apply hospitalization to gainfully employed groups on a payroll deduction at actual cost of hospital care for respective groups. In 1932 the Superior California Hospital Association of Sacramento, California, enlarged upon this plan by including all hospitals of the

community and adjacent territory in such a plan. Today there are in operation in the large centers of population of the United States over seventy such organizations. The Association of Hospital Service of New York, in operation nine months, has 60,000 members with 174 hospitals participating.

**The 1932 Mandate of the Alameda County Association.**—In 1932 the Alameda County Medical Association gave a mandate to a committee to develop a plan for hospitalization on a periodic payment basis. This committee developed a plan in conjunction with the accredited hospitals. At a special meeting, held in August, 1933, the Alameda County Medical Association approved the plan submitted by the committee. Upon the advice of the committee's attorney, Mr. Hartley Peart, the launching of the plan was withheld until a definite ruling was obtained from the Insurance Commissioner, determining whether such a plan was insurance would come within the province of the insurance law. The Attorney-General's opinion of January, 1934, stated that the plan was insurance and that to operate such a plan it would be necessary to deposit \$25,000 to guarantee the performance of the contract.

Economic conditions at that time had not improved materially and it was not thought advisable to solicit funds to accumulate such an amount necessary to launch the work.

**Assembly Bill 246: 1935 California Legislature.**—The hospitals of Alameda County, in cooperation with other voluntary hospitals of the State of California, after much consideration prepared a bill which was introduced in the legislature in January, 1935. This bill was officially known as Assembly Bill 246, and provided for hospital care by nonprofit corporations to sell this service to the public under the jurisdiction of the Insurance Commissioner without posting the required deposit required by the Insurance Act of the State of California. After some difficulty, with amendment added, the bill was finally passed by both Assembly and Senate, signed by the Governor, and became a law on September 15, 1935.

However, after careful consideration and study, the committee has decided that it would be impossible to launch this plan under the limited provisions of Assembly Bill 246 because lay organizations and insurance companies will sell complete hospital service, offering competition which cannot be met.

**Greater Advantages of a Mutual, Nonprofit Organization.**—The Superior California Hospital Association of Sacramento, spoken of earlier, has now posted the required amount of money and has changed its type of organization to a mutual, nonprofit association coming under the jurisdiction of the Insurance Commissioner of this State. This organization has already attempted to enter this territory and has contacted the hospitals for care of their patients so that they might sell their policies in this community. The contract offered, in the opinion of your committee, is undesirable in many respects and, after further deliberation, they have reached this conclusion: The plan should be controlled by the Alameda County Medical Association and the accredited hospitals in this community.

**What the Present Alameda County Plan Aims to Accomplish.**—A plan so controlled will permit:

1. Free choice of doctor and will in no way disturb the present relationship between the doctor and the patient.
2. Free choice of hospital.
3. Conserve patient's resources for payment of doctor's bills.
4. Pay the hospital bill.
5. Hold off health insurance and state medicine.

In accordance with the provisions of the policy that your committee has drawn up, the corporation shall furnish its beneficiary members in time of illness, ailment or injury with twenty-one days' hospitalization, which shall include the following hospital service:

- (a) Board and room—ward accommodations.
- (b) General nursing.
- (c) Operating room.
- (d) Operating room service.

\* The attention of members of the California Medical Association is called to this article, and particularly to the fact that a sufficient number of physicians in Alameda County have subscribed to a \$25,000 fund, which the laws of California demand shall be existent before insurance coverage can be sold.

(e) Drugs, with the exception of serums, vaccines, spirituous liquors, and expensive proprietary drugs.

(f) Dressings.

(g) Physiotherapy treatments.

(h) The contract will indemnify the patient to pay the pathologist for ordinary clinical laboratory service.

(i) Indemnify the patient to pay the roentgenologist for the following services:

1. In cases of accidental bodily injuries, all such services necessarily incident or required, exclusive of therapy, in the opinion of the attending physician, for the relief and treatment of the beneficiary while a registered hospital bed patient.

2. In cases of bodily illness or disease only when necessary to assist in diagnosis during hospitalization, and expressly excluding all therapy and any diagnostic services which could have been performed prior to admission to the hospital.

This contract in no way disturbs the relationship between the pathologist, roentgenologist, and the hospital.

**When Does This Hospitalization Service Become Effective to Policyholders?**—Service is effective after becoming a member as follows:

1. Accidental injury—one day later.

2. For sickness or ailments contracted or having their first signs or symptoms more than seven days later.

3. For illnesses or ailments requiring major or minor operation that are contracted or having their first signs or symptoms more than fifteen days later, except in the case of a hernioplasty, tonsillectomy, or adenoidectomy, which shall be twelve months.

**Diseases and Injuries Not Included.**—Services not provided for are: Tuberculosis, cancer, venereal infection, mental or nervous disorders, industrial accidents, alcoholism, drug addiction, rest cure, intentional self-inflicted injuries (sane or insane), normal pregnancy including cesarean, abortions, diseases directly or indirectly due to war.

**Other Conditions of the Hospitalization Policy.**—No medical examination is required, but hospitalization of any beneficiary member must be by recommendation by a legally qualified doctor of medicine only, whose credentials would be recognized by hospitals accredited by the American College of Surgeons.

In cases of bona fide accident or injury or sudden illness, members in good standing in the corporation while absent from their usual residence will be provided hospitalization in any licensed hospital in the United States or Canada for a period not to exceed fourteen days.

**Age limits:** Members of a gainfully employed group between the ages of eighteen and sixty-five, unless the age limit has been specifically waived by the Board of Directors.

**Dues:** One dollar per month. (Discounts may be given to large groups.)

**Plan of the Holding Organization.**—This plan is feasible and financially sound. It will be operated and controlled by a Board of Directors, consisting of representatives of the Alameda County Medical Association and representatives of the accredited hospitals holding contracts.

Note.—Following the above statement to members of the Alameda County Medical Association, who were invited to attend an organization meeting, the names of members of the staffs of the accredited hospitals of the county were given to committees for request for coöperation by payment of a \$100 subscription. In one week 150 members had deposited their checks for \$100 each. The \$25,000 fund required by the Insurance Commissioner of California is assured, and as soon as deposited the campaign for the sale of hospital contracts will be started. It

now seems probable that employees in groups will take contracts to the number of 5,000 or more, and it is believed that 20,000 contracts will be sold within the year.

Thus, the entire Alameda County plan as recommended by Dr. George Reinle in his presidential address at Riverside has been carried out, and the principles as recommended by the Public Relations Department and endorsed by the House of Delegates at Del Monte have been made to come into being in at least one county in California. The entire project is under the joint control of the Alameda County Medical Association and accredited hospitals in Oakland and other Alameda County communities.\*

## NEW YORK CITY'S GROUP HOSPITALIZATION PLAN

From the *Hospital Service News*, official bulletin of the Associated Hospital Service of New York, 370 Lexington Avenue (at Forty-first Street), New York, N. Y., in its March 31 issue, the following excerpts are printed. The plan has many features in common with the Alameda County plan.

### THREE-CENTS-A-DAY PLAN SETS WORLD RECORD

#### *Surpasses London in Ten Months*

New York's new three-cents-a-day plan for hospital care has established a world's record by enrolling in a little over ten months more subscribers than the London Hospital Saving Association enrolled in its first year.

More than 66,000 are in good standing in the New York plan, according to Frank Van Dyk, executive director of the Associated Hospital Service of New York.

The London plan had 62,500 subscribers at the end of its first year. At the end of fourteen years, the London plan now has more than a million and a half enrolled.

The New York plan is operated on a nonprofit, non-charity basis. Subscribers receive complete hospitalization for twenty-one days in semi-private accommodations in any one of 174 hospitals in return for subscriptions at the rate of three cents a day.

The English and American plans both have the same object of enabling men and women in receipt of regular wages or income to save for the hospitals while in health, and to pool their savings so that they may collectively reimburse the hospitals for services rendered, thus relieving subscribers from hospital expense at a time when they can least afford it.

Mr. Van Dyk explained that, unlike the London plan, which involves some charitable assistance for subscribers, the New York plan pays the full cost of semi-private hospital care.

The steady increase in enrollment momentum is shown in the following table, which gives the number of subscribers at the end of each quarter:

First quarter.....	13,511
Second quarter.....	29,422
Third quarter .....	50,200
Fourth quarter (to date).....	66,095

The first year of operation for the New York plan will not be completed officially until May.

### COMMENTS ON PLAN ARE GATHERED FROM DOCTORS IN NEW YORK AREA

#### *Many Physicians Give Approval*

Physicians and surgeons in the New York metropolitan area who have hospitalized patients who are members of

\* The information for this report has been submitted by Dr. Charles A. Dukes, chairman of the Committee on Public Relations of the California Medical Association.